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Message Text

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62
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

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---------- 107858
R 121630Z NOV 75
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 1108
USDOC WASHDC

UNCLAS MEXICO 9939

PASS EXIM

E.O. 11652: N/A
TAGS: BPRO, MX
SUBJECT: FCIA CREDIT INSURANCE REQUEST TO COVER SALE OF MAINLY UNASSEMBLED JEEPS TO VEHICULOS AUTOMOTORES MEXICANOS, S.A. DE C.V. (VAMSA)

REF: STATE 261197

1. VAM PROFIT PICTURE ESSENTIALLY UNCHANGED SINCE MAY 31, AS FACTORS FAIRLY CONSTANT. DEAPITE LOW PROFIT, VAM HAS HAD STEADY EARNINGS, UNLIKE MANY IN MEXICAN AUTOMOTIVE SECTOR. CURRENT DIRECTOR GENERAL FERNANDEZ SAYAOGA HIGHLY REGARDED. HIS RETIREMENT NOT ANTICIPATED BUT LIKELY IN 2 OR 3 YEARS AND MAY POSE PROBLEM AS REPLACEMENT MAY HAVE TO COME FROM OUTSIDE COMPANY.

2. DURING FIRST 9 MONTHS OF 1975, VAM PRODUCED 18,114 UNITS AS COMPARED TO 15,748 DURING THE SAME PERIOD LAST YEAR; SALES WERE 16,593 COMPARED TO 14,918. REPRESENTS 6.6 PERCENT OF MEXICAN SALES OF CARS AND TRUCKS FOR FIRST NINE MONTHS OF 1975; WAS 6.3 PERCENT FOR SAME PART OF 1974.

3. ON MEXICAN AUTOMOTIVE INDUSTRY AS A WHOLE, THE
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SECRETARIAT OF INDUSTRY AND COMMERCE HAS RENEWED THE

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PUSH FOR A GREATER PERCENTAGE OF NATIONAL INTEGRATION.
WITHIN LAST 2 WEEKS HAS SENT TO INDUSTRY PROPOSAL TO
INCREASE FROM CURRENT 60 PERCENT REQUIREMENT TO 90 PERCENT. DIS-
CUSSIONS ARE TO TAKE PLACE WITHIN MONTH OR TWO AND
ARE LIKELY TO END IN 70 PERCENT COMPROMISE. SHOULD BE NOTED
THAT LABOR, PLANT OVERHEAD, DEPRECIATION ARE INCLUDED
WHEN COMPUTING DEGREE OF NATIONAL INTEGRATION.

4. SECRETARIAT OF INDUSTRY AND COMMERCE ALSO CONSIDERING NOW
ALMOST YEARLY REQUEST FROM INDUSTRY FOR A PRICE
INCREASE. ANSWER EXPECTED IN MONTH OR SO AND WILL PROBABLY
ALLOW AN AVERAGE 10 PERCENT INCREASE ON ALL MODELS.

5. RATIONALIZATION OF PRODUCTION RECURRENT PROBLEM AS
SIZE OF MARKET DOES NOT WARRANT CURRENT DIVERSITY OF
MODELS. VAM ITSELF CURRENTLY MAKES 10 INCLUDING 3 JEEP
MODELS, ALTHOUGH MAY DROP 4-DOOR MATADOR TO ADD ANOTHER
MODEL OF RECENTLY INTRODUCED PACER. FIRST-YEAR PRODUCTION
OF 3,500 PACERS ALREADY GUARANTEED SALES.

6. FOR EXIM: NO OBJECTION

7. FOR COMMERCE: NOT REPEAT NOT CLEARED FOR PUBLICATION.
JOVA

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